

2014-15 GRANT SOLICITATION

Air Quality Improvement Program and Low-Carbon Transportation Greenhouse Gas Reduction Fund Investments

Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project

Mobile Source Control Division
California Air Resources Board
March 23, 2015

California Environmental Protection Agency

 **Air Resources Board**

California Air Resources Board
Air Quality Improvement Program and Low-Carbon Transportation Greenhouse Gas
Reduction Fund Investments

Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project

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AQIP APPLICATION

Appendix A

**SAMPLE IMPLEMENTATION MANUAL FOR
FISCAL YEAR 2014-15 HYBRID AND ZERO-EMISSION TRUCK AND
BUS VOUCHER INCENTIVE PROJECT**

Appendix B

**AIR QUALITY IMPROVEMENT PROGRAM HYBRID AND
ZERO-EMISSION TRUCK AND BUS VOUCHER INCENTIVE PROJECT
SAMPLE GRANT AGREEMENT FOR FISCAL YEAR 2014-15**

Appendix C

I. SUMMARY

The California Air Resources Board (ARB or the Board) is soliciting a Grantee to implement and administer the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) for Fiscal Year 2014-15 with an option to renew for Fiscal Year 2015-16. The current funding available for the Fiscal Year (FY) 2014-15 HVIP is \$9,837,547. HVIP is intended to encourage and accelerate the deployment of new hybrid and zero-emission trucks and buses in California. HVIP is intended to encourage and accelerate the deployment of new hybrid and zero-emission trucks and buses in California. HVIP provides vouchers for California purchasers and lessees of up to \$95,000 for zero-emission trucks and buses, and up to \$30,000 for eligible hybrid trucks, and buses on a first-come, first-served basis. In addition, HVIP provides increased incentives for fleets located in or serving disadvantaged communities. These fleets qualify for vouchers up to \$110,000 for zero-emission trucks and buses. At a minimum, fifty percent of HVIP funding will be used to fund vouchers of vehicles serving disadvantaged communities.

HVIP benefits the citizens of California by providing immediate air pollution and greenhouse gas emission reductions and stimulating development and deployment of the next generation of advanced technologies.

This project will be administered and implemented through a partnership between ARB and a Grantee, selected via a competitive solicitation. Applications are due to ARB no later than **5:00 p.m.** April 23, 2015.

II. BACKGROUND

In 2007, Governor Schwarzenegger signed into law the *California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007* (AB 118, Statutes of 2007, Chapter 750). AB 118 created the Air Quality Improvement Program (AQIP), a voluntary incentive program administered by ARB, to fund clean vehicle and equipment projects, air quality research and workforce training.

As required in Health and Safety Code (HSC) Section 44274(a), the Board adopted regulatory guidelines in 2009 for AQIP. The Guidelines for the AB 118 Air Quality Improvement Program (Guidelines)¹ define the overall administrative requirements and policies and procedures for program implementation based on the framework established in statute. Central to the Guidelines is the requirement for a Board-approved annual funding plan developed with public input. The funding plan is each year's blueprint for expending AQIP funds appropriated to ARB in the annual State Budget. The funding plan focuses AQIP on supporting development and deployment of the advanced technologies needed to meet California's longer-term, post 2020 air quality goals.

¹ The Guidelines for the AB 118 Air Quality Improvement Program are available at: www.arb.ca.gov/msprog/aqip/aqip.htm

With the passage of AB 8 (Perea, Chapter 401, Statutes of 2013) the funding for AQIP is extended until January 1, 2024. AB 8 also requires ARB, when considering projects for AQIP funding, to provide preference to projects with higher benefit-cost scores.

The Governor's FY 2014-15 budget identifies \$200 million from the State's share of auction proceeds under ARB's Cap-and-Trade program to be spent on Low Carbon Transportation projects that reduce GHG emissions with a strong emphasis on disadvantaged communities. Because the Governor's goals for the investment of Cap-and-Trade proceeds are consistent with the established objectives of the AQIP program, and because of the past success of the AQIP program structure, this year staff is combining the two funding sources (AQIP and Low Carbon Transportation Investments) into one funding plan.

III. AVAILABLE FUNDING

In June 2014, ARB approved the Fiscal Year 2014-15 Funding Plan for the Air Quality Improvement Program and Low Carbon Transportation Greenhouse Gas Reduction Fund Investments (FY 2014-15 Funding Plan)², providing up to \$15 million in funding for HVIP. ARB has determined that \$9,837,547 is expected to meet demand; therefore, the total funding available through this solicitation is \$9,837,547. Funding is to be broken down as follows:

- A. Vouchers for eligible new trucks or buses.
- B. Administrative costs (administrative costs shall not exceed 7 percent).

In the event additional funding is provided for HVIP for FY 2014-15, these funds will be administered under this solicitation. By signing the AQIP Application in Appendix A, the applicant is agreeing to administer these additional funds as part of HVIP.

IV. OPTION FOR NEW GRANT AGREEMENT FOR FY 2015-16

ARB in its sole discretion may award a new Grant Agreement for FY 2015-16 under the same terms and conditions. The Grantee understands and agrees that there is no guarantee the FY 2015-16 Grant Agreement will be awarded.

V. ELIGIBILITY

This solicitation is open to individuals, federal, state or local government entities or agencies, and organizations or companies with California heavy-duty vehicle, vehicle incentive project, or air quality expertise. Hybrid truck and bus or zero-emission truck and bus manufacturers or dealers are not eligible for this solicitation. Specific

² The approved FY 2014-15 Funding Plan is available at:
<http://www.arb.ca.gov/msprog/aqip/fundplan/fundplan.htm>

requirements for the Grantee are described in this solicitation and in the Sample Implementation Manual for the FY 2014-15 HVIP (Sample Implementation Manual, Appendix B) and (Sample Grant Agreement, Appendix C).

Eligible applicants must meet all applicable requirements of State law, the AQIP Guidelines and FY 2014-15 Funding Plan, and this solicitation. To be considered for the grant award, applicants must fully complete the Application (Appendix A) and demonstrate that they meet the Required Elements (See Section X of this solicitation). ARB may request clarification regarding application responses during the application review process.

VI. SCOPE OF WORK

The Grantee is responsible for the on-the-ground project implementation of distributing vouchers for eligible vehicles, including, but not limited to the following tasks:

- A. Update and finalize the Implementation Manual in consultation with ARB throughout the grant term.
- B. Conduct the statewide public outreach to vehicle dealers and fleets necessary for the project to be successful. Outreach could include on-site dealer trainings and public question and answer sessions.
- C. Develop/maintain a user-friendly public website that may be hosted by ARB, the grantee, or an ARB approved third party. Webpages must include, at a minimum:
 - 1. A list of eligible vehicles and each vehicle's eligible voucher amount.
 - 2. Voucher request and voucher redemption forms.
 - 3. Ability to track HVIP funds, both available and expended, in real time.
 - 4. Ability to provide information on HVIP vouchers based upon query parameters such as vehicle type, location, and vocation.
 - 5. Ability to provide a visual representation of where vouchers are being requested and/or disbursed with a mapping tool.
 - 6. Ability to provide user survey data to display information such as demographics, dealer experience, motivations to purchase, decision-making process, etc., upon request by ARB.
 - 7. Applicable documents and forms related to the project.

- D. Train and approve vehicle dealers for participation in HVIP based upon eligibility criteria identified in the Implementation Manual.
- E. Develop a policies and procedures document and flow chart that describes the Grantee's administrative action for processing vouchers. Examples include details on acceptable supporting documentation, and protocols for recording ARB case-by-case approvals.
- F. Establish and maintain voucher records (see Section J (3) of the Sample Grant Agreement).
- G. Store all records in a secured and safe storage facility that maintains confidentiality and provides fire and natural disaster protection (see Section J in the Sample Grant Agreement). Files shall be retained during the term of the Grant Agreement plus seven (7) years.
- H. Develop a systematic process and schedule to back-up HVIP database(s) each day at a minimum.
- I. Develop and enforce security measures to safeguard HVIP database(s).
- J. Ensure participating vehicle dealers, purchasers and lessees meet all applicable HVIP requirements.
- K. Support three year ownership and lessee requirements by identifying and reporting at-risk voucher recipients to ARB.
- L. Track and report vehicle resale inquiries to ARB.
- M. Develop, in coordination with ARB, an annual vehicle user survey/questionnaire and mileage reporting tool, that characterizes vehicle usage and evaluate fleet user satisfaction with vehicles purchased by HVIP. Grantee will, at a minimum:
 - 1. Develop and implement an effective mechanism for vehicle operators to respond to the satisfaction and usage survey/questionnaire annually for three years from the vehicle purchase date (for vehicles funded starting in FY 2014-15).
 - 2. Conduct quality control for vehicle satisfaction and usage data, and provide to ARB as part of the periodic HVIP Status Report.
 - 3. Provide a mechanism for subsequent Grantees to continue collecting such data from fleets for a three year period after vehicles are purchased (for vehicles funded starting in FY 2014-15).
- N. Acquire key telematics data from HVIP-funded vehicles for a minimum of three

years from the vehicle purchase date, that helps determine the reliability, effectiveness, and operational characteristics of the vehicle, including but not limited to: vehicle state-of-charge, fuel efficiency, vehicle availability (available to be in service), hours of operation and mileage within and outside of disadvantaged communities³. Grantee must provide a mechanism for subsequent Grantees to continue collecting such data from fleets for a three year period after vehicles are purchased (for vehicles funded starting in FY 2014-15).

- O. Contact voucher recipients that have, or will potentially sell their vehicle early, to request repayment of the prorated voucher amount (See Section E (2) of the Sample Implementation Manual).
- P. Use the criteria in the Implementation Manual to review and approve or disapprove voucher requests and document this process in each project file.
- Q. Distribute voucher payments to vehicle dealers for eligible vehicle purchases.
- R. Develop and maintain accounting procedures to track reservation and expenditures by grant award, fiscal year, and HVIP funding source. (AQIP, GGRF).
- S. Establish a process for returned voucher funds as a result of uncashed voucher checks, prorated returns, cancellations, etc.
- T. Track vouchers issued to vehicles domiciled in disadvantaged communities in a manner directed by ARB.
- U. Provide data updates to ARB upon request.
- V. Provide periodic data summaries to the public in response to data requests.
- W. Provide ARB with all voucher records upon request.
- X. Develop a transfer plan for end of project duties to ensure a complete timely transfer of data and website to the next administrator on a timely basis. Develop a project transfer plan in a manner directed by ARB that includes the following tasks:
 - 1. Process vouchers for all of FY 2014-15.
 - 2. Complete all tasks associated with the FY 2014-15 HVIP closeout (See Section H (2) of the Sample Grant Agreement).

³ The identified disadvantaged community census tracts are available at: <http://www.calepa.ca.gov/EnvJustice/GHGInvest/>.

3. Process vouchers for FY 2015-16 for up to 3 months.
 4. If applicable, transfer HVIP to new Grantee/administrator selected by ARB (See Section K of the Sample Grantee Agreement).
- Y. Provide information, upon request, to individuals or organizations that wish to appeal a voucher denial to ARB.
- Z. Meet applicable requirements of statutes, the AB 118 AQIP Guidelines and FY 2014-15 Funding Plan, this solicitation, the HVIP grant agreement with ARB, and the Implementation Manual.
- AA. Closely communicate with ARB to ensure that the most current vehicle eligibility list is being used.
- BB. Respond to public inquiries regarding HVIP.
- CC. Work with vehicle manufacturers to create a list of dealerships authorized to receive HVIP vouchers.
- DD. Provide ARB with a Final Report that summarizes and evaluates total fund expenditures (including match, interest earned, and in-kind funds), vehicles funded, outreach efforts, and implementation challenges per source of funding and recommends potential program improvements (See Section H(2) of the Sample Grant Agreement).
- EE. Provide Status Reports to the ARB detailing vouchers awarded for ordered vehicles and redeemed for purchased vehicles (See Section H(1) of the Sample Grant Agreement).
- FF. Provide ARB with all webpage(s), databases, software or other intellectual property developed or purchased by the Grantee for the purposes of administering or implementing HVIP, if requested (See Section K of the Sample Grant Agreement).
- GG. Ensure that it and its subcontractors meet all applicable requirements of statute, the AB 118 AQIP Guidelines and FY 2014-15 Funding Plan, this solicitation, the Grant Agreement with ARB, and the Implementation Manual. See Sample Grant Agreement (Appendix C) for a more complete description of the duties and responsibilities of the Grantee and ARB.

VII. DEFINITIONS

HVIP definitions are included in Section G of the Sample Implementation Manual (Appendix B).

VIII. APPLICATION INSTRUCTIONS

This application packet contains the forms and information necessary for submittal of a complete application. The Grantee selection will be based upon the scoring criteria identified in this solicitation.

If you need this document in an alternate format or language, please contact Ryan Murano at (916)322-2383 or ryan.murano@arb.ca.gov. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

One (1) signed original, four (4) copies, and one (1) CD of the application, including all the required documents must be received at the Air Resources Board headquarters at 1001 I Street, Sacramento, California 95814.

Applications submitted via U.S. Postal Service, United Parcel Service (UPS), Express Mail, Federal Express, or another delivery service provider must be dispatched with enough time so that they are received by ARB no later than 5:00 p.m. on April 23, 2015. Applications submitted via US Postal Service must be mailed to the following address:

Ryan Murano
Air Resources Board
Mobile Source Control Division
Post Office Box 2815
Sacramento, California 95812

Applications submitted in person or via another delivery service may be delivered to the following address:

Ryan Murano
Air Resources Board
Mobile Source Control Division
1001 I Street
Sacramento, California 95814

Please send an email to Ryan Murano at ryan.murano@arb.ca.gov indicating that you have submitted an application once the application has been mailed. Sending this email secures one of the ten points provided for Application Completeness and lets ARB staff know that your formal application is on the way. ARB will send a confirmation email to the applicant once the hard-copy of the application has been received.

No applications may be submitted by fax or email.

Format Requirements

ARB strongly encourages applications to be accurate, brief and clear. Applications will be initially screened for completeness. Applications must include all the Required Elements identified in Section X of this solicitation.

Fiscal Year 2014-15 HVIP Solicitation Timeline*

<u>Key Actions</u>	<u>Dates</u>	<u>Time</u>
Public Release of Solicitation	03/23/15	N/A
Applicant Question Deadline	04/07/15	No later than 5:00 p.m.
Applicant Workshop	04/08/15	1:00 p.m.
Application Deadline	04/23/15	No later than 5:00 p.m.
Review/Rating of Applications	04/24/15 and 04/27/15-04/29/15	N/A
Grantee Selected	04/30/15	N/A
Return Signed Grant to ARB	Within 10 calendar days of receipt	

* Timelines are subject to change at ARB's sole discretion.

IX. APPLICANT TELECONFERENCE

ARB will hold an Applicant Teleconference at which time staff will be available to answer questions potential applicants may have regarding eligibility, application completion, and other requirements. The Applicant Teleconference will take place on:

Date: April 8, 2015

Time: 1:00 p.m. – 3:00 p.m. (PST)

Teleconference Information:

Call-in Phone Number: (888) 769-8761

Passcode: 63756

The Applicant Teleconference will be open to all interested entities. The intent of the Applicant Teleconference is to provide potential project applicants with an opportunity to ask clarifying questions regarding general application or applicant requirements or terminology definitions. Written questions submitted before the Applicant Teleconference will be given priority. Questions may be emailed to Mr. Ryan Murano at ryan.murano@arb.ca.gov. Questions may be submitted up to 5 p.m. one day prior to the Applicant Teleconference. The questions and answers from the Applicant Teleconference and any questions received via email will be posted on the ARB website no later than **5 p.m. on April 15, 2015**; this date may be extended at ARB's sole discretion. ARB will not answer questions regarding this solicitation after the Applicant Teleconference. Any verbal communication with an ARB employee concerning this solicitation is not binding on the State and shall in no way alter a specification, term or condition of the solicitation.

X. REQUIRED ELEMENTS

The application is included as Appendix A of this solicitation, and includes the following required elements:

Appendix A: AQIP Application

Attachment 1: Applicant Qualifications

Attachment 2: Proposed Budget

Attachment 3: Project Implementation Plan

Attachment 4: Applicant Resources to Implement the Project

Attachment 5: Conflict of Interest Declaration

Attachment 6: STD. 204 Payee Data Record

XI. EVALUATION AND SCORING

ARB will evaluate each application based on the criteria described below. The maximum score is 100 points. The qualified applicant with the highest overall score will be selected as the Grantee. The selected applicant will be required to sign a Grant Agreement with ARB to fulfill the duties of Grantee (See Appendix C). ARB reserves the right in its sole discretion, to cancel this solicitation, re-solicit for a HVIP Grantee, or to direct funding to another project in the Funding Plan.

A. Applicant Qualifications (Appendix A, Attachment 1) – Maximum 25 points

Up to 25 points will be provided based upon the applicant's ability to successfully act as Grantee based upon its experience/expertise in and history of successfully working with hybrid and zero-emission truck and bus manufacturers, dealers, fleets, and other stakeholders and implementing projects similar to HVIP, as well as the Grantee's ability to build upon the existing successful HVIP in a way which is user-friendly and seamless for hybrid and zero-emission vehicle manufacturers, dealers, and fleets.

Application Characteristics	Points Earned
Applicant lacks necessary experience or expertise successfully implementing large scale air quality incentive projects or programs and working with hybrid and zero-emission truck and bus manufacturers, dealers, fleets, and other key project stakeholders.	0 – 5 points
Applicant has demonstrated moderate expertise and experience needed to successfully implement HVIP, based on its history implementing large scale air quality incentive projects or programs and working with hybrid and zero-emission truck and bus manufacturers, dealers, fleets, and other key project stakeholders.	6 – 15 points
Applicant clearly has the expertise and experience needed to successfully implement HVIP, based on its history implementing large scale air quality incentive projects or programs and working with hybrid and zero-emission truck and bus manufacturers, dealers, fleets, and other key project stakeholders.	16 – 25 points

Proposed Budget (Appendix A, Attachment 2) – Maximum 20 points

Applicants must identify their proposed budget for completing the tasks of the HVIP, consistent with the Sample Implementation Manual and Sample Grant Agreement, for the FY 2014-15 HVIP, their Project Implementation Plan (included as part of the application) and the requirements of this solicitation. The budget must include the total voucher processing fee requested, which shall include costs to cover implementation of tasks for FY 2014-15, the closeout of FY 2014-15, the beginning of FY 2015-16, and costs to transfer all project data and website(s) to the next administrator. The voucher processing fee shall include a description of any applicable commitments for in-kind services and match funding. The voucher processing fee shall not exceed 7% of the total project funding (Note: any applications that are greater than 7% will be disqualified). For a complete description of voucher processing fees, see Section E (6) in Appendix C.

In-kind services refer to goods or services contributed by the Grantee but not charged to the HVIP, which help to more effectively and efficiently meet the goals of the program. Match funding refers to funds contributed by the Grantee to the HVIP to fund eligible vehicles. An applicant may propose that match funding be used to fund vehicles as part of the HVIP in a specific California region (such as an air district). Match funding does not include in-kind match (i.e. funding for other incentive projects, even if for similar vehicles or technologies). (See Appendix A, Attachment 2-1 for a sample budget.)

Application Characteristics	Points Earned
<p>Budget is unclear, inconsistent with the Sample Implementation Manual, the applicant's Project Implementation Plan, and the requirements of this solicitation, or is insufficient to successfully complete the project. No or limited match funding or no or limited in-kind support is committed and the applicant is requesting the maximum allowable funding for HVIP administration and outreach.</p>	<p>0 – 7 points</p>
<p>Budget is relatively clear, detailed, consistent with the Sample Implementation Manual, the applicant's Project Implementation Plan, and the requirements of this solicitation, and is adequate to complete the project. Costs are represented clearly. Applicant commits to provide match funding or forgo HVIP administration and outreach funding (in match or potential administration and outreach funding) to be used for eligible vehicles. The applicant's commitment for in-kind support will enable the project to be marginally more effective and efficient.</p>	<p>8 - 15 points</p>
<p>Budget is very clear, detailed, consistent with the Sample Implementation Manual, the applicant's Project Implementation Plan, and the requirements of this solicitation, and is adequate to complete the project. Costs are represented clearly, and are appropriate for the level and quality of work to be performed. Applicant commits to provide match funding or forgo HVIP administration and outreach funding, providing a total of over \$1,000,000 (in match or potential administration and outreach funding) to be used for eligible vehicles. The applicant's commitment for in-kind support will enable the project to be significantly more effective and efficient.</p>	<p>16 - 20 points</p>

B. Project Implementation Plan (Appendix A, Attachment 3) – Maximum 20 points

Applicants will be evaluated based on the completeness of their plan for implementing HVIP, and the ability to complete the work in a timely manner. The Project Implementation Plan must address how the applicant will implement all of the tasks in the Scope of Work. (See Section VI of this solicitation.)

Application Characteristics	Points Earned
Plan is unclear and/or does not provide the highest impact for the funding provided.	0 – 7 points
Plan is complete, provides sound recommendations for effective and efficient project development, implementation, and administration, and considers the budget.	8 – 15 points
Plan is sound and well organized, tailors recommendations creatively and appropriately to successfully implement the project, provides recommendations for effective and efficient project development, implementation, and administration, and recommends high-impact, creative activities that maximize the budget, and effective recommendations to increase voucher demand and increase participation by public fleets. Plan also includes a firm commitment or detailed and viable plan to successfully leverage other public or private funding (such as federal or air district funds) to help accelerate deployment of project vehicles.	16 – 20 points

C. Applicant Resources to Implement the Project (Appendix A, Attachment 4) – Maximum 15 points

Scoring will be based upon the applicant's ability to successfully act as Grantee based upon their demonstrable staffing, infrastructure, funding, and other available resources.

Application Characteristics	Points Earned
The applicant has not demonstrated sufficient resources to successfully implement HVIP.	0 points
The applicant has demonstrated the minimum resources needed to implement HVIP.	1 – 7 points
The applicant has clearly demonstrated sufficient staff, expertise, infrastructure and/or funding resources to successfully implement HVIP.	8 – 15 points

D. Ability to Promote Use of Hybrid and Zero-Emission Vehicle Technology – Maximum 5 points

Application Characteristics	Points Earned
The applicant has a clear and effective plan for public outreach (as identified in the Project Implementation Plan) to key stakeholders such as dealers, public fleets, small fleets, school districts, and/or vehicle rental firms.	0 – 5 points

E. Contribution to Regional Air Quality Improvements – Maximum 5 points

Application Characteristics	Points Earned
The applicant has a plan for and the ability to target outreach in areas which are classified as extreme non-attainment of the federal 8-hour ozone standard (i.e. the South Coast and San Joaquin Valley Air Basins), and disadvantages communities. This will be scored based upon the applicant's response to Attachments 3 and 4 of the application.	0 – 5 points

F. Application Completeness – Maximum 10 points*

Application Characteristics	Points Earned
The application is unclear or is missing key information.	0 – 5 points
The application is clear, concise, and includes all the required information.	6 – 10 points

*One point is provided for sending ARB an email notification of a submitted application, as described in Section VIII, Application Instructions.